

RD AN No. 3672 (1980-D)  
August 3, 2001

TO: State Directors  
Rural Development

ATTENTION: Rural Housing Program Directors  
Guaranteed Rural Housing Specialist  
Rural Development Managers  
Community Development Managers

FROM: James C. Alsop *(Signed by James C. Alsop)*  
Acting Administrator  
Rural Housing Service

SUBJECT: Guaranteed Rural Housing (GRH) Program  
Obligation without Appraisal

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to permit obligations of GRH loans without appraisals in order to facilitate the processing of these loans.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 3563 (1980-D) which expired on September 30, 2000.

IMPLEMENTATION RESPONSIBILITIES:

All GRH loans to be approved with Fiscal Year 2001 funds must be entered into the Guaranteed Loan System (GLS) for obligation by close of business on Friday, September 28, 2001. Lenders who are processing GRH loans during the mid-August and September 2001 time frame may have difficulty in obtaining appraisals in time in order to ensure approval and obligation of their GRH loans prior to the end of the fiscal year. Based on information received from Agency Field Office personnel, GRH lenders are reluctant to cause their applicants to incur the costs of appraisals due to this funding uncertainty.

EXPIRATION DATE: SEPTEMBER 30, 2001

FILING INSTRUCTIONS:  
Preceding RD  
Instruction 1980-D

For this reason, we are authorizing, on a temporary basis, the contingent obligation of GRH loans without an appraisal. Under this policy, the Agency may accept an application for a GRH loan from an eligible lender without the appraisal. This authorization will be effective for all GRH loan packages received by the Agency after August 15, 2001, and will continue until the end of Fiscal Year 2001. The Agency will review the application package just as it would any other package, except for the appraisal. If the application meets all of the other requirements, the Agency may obligate funds subject to obtaining an appraisal that supports the loan request.

This authority is not intended to circumvent any of the GRH loan program requirements. The “Conditional Commitment for Single Family Housing Loan Guarantee” issued to the lender will contain the following language:

This commitment is contingent upon the lender providing an appraisal that meets the requirements of RD Instruction 1980-D, section 1980.334 and satisfactory review of the appraisal. The lender will supply the appraisal within 90 days from the date of this commitment. Final acceptance of the appraisal by this Agency is required before the lender closes the loan.

All loans obligated must meet all eligibility criteria. Before the “Loan Note Guarantee” can be issued, the appraisal must be obtained and reviewed by the Agency in the manner prescribed in RD Instruction 1980-D, §1980.334.

Questions regarding this AN may be directed to Roger Glendenning, Single Family Housing Guaranteed Loan Division, at (202) 720-1480.